

To the Members of the California State Assembly:

I am returning Assembly Bill 1701 without my signature.

The existing state program saves California millions of dollars and provides appropriate care to medically-fragile children. This bill would diminish the existing savings and would likely result in costs that exceed the federal upper payment level and require additional state General Fund expenditures. Given our ongoing fiscal challenges, I cannot approve a bill that will require additional state funding at this time.

The Legislature and stakeholders should consider a solution that incorporates other alternative approaches to the pediatric rate methodology to ensure the payment aligns with services provided.

For these reasons, I am unable to sign this bill.

Sincerely,

Arnold Schwarzenegger